



**BORSA ITALIANA**  
Infrastructure & Energy Day 2021

*9<sup>th</sup> September 2021*

**Iren**



## >7million

INHABITANTS IN IREN'S 3  
REFERENCE REGIONS

### REGULATED ACTIVITIES

~50% of Ebitda

#### Water Service

- RAB water cycle management: 1,111m€
- **33.3% water network leaks (vs. national avg. 43.7%)**

#### Energy Infrastructure

- RAB Electricity distribution: 460m€
- RAB Gas distribution: 712m€
- **2.9% electricity network leaks (vs. national avg. 6.4%)**

#### Urban Waste Collection

- ~2.3m tons of municipal waste collected
- **69.3% of sorted waste collection (vs. national avg. 61.3%)**

### QUASI REGULATED ACTIVITIES

~20% of Ebitda

#### District Heating

- 96.7 mcm of district heated volumes
- **716K tons CO<sub>2</sub> emission avoided from cogeneration**

#### Urban Waste Disposal

- 3 Waste To Energy plants (total capacity ~800Kton/y)
- **100% energy or material recovery from total waste managed**

#### Hydro Green Certificates

- 261 GWh GCs produced through hydro
- **592K tons CO<sub>2</sub> emission avoided from hydro**

### CUSTOMERS:

- ~1.877M in the energy sector
- ~2.8M inhabitants served in the water service
- ~3.1M inhabitants served in the waste sector
- ~0.9M inhabitants served in district heating

### UNREGULATED ACTIVITIES

~30% of Ebitda

#### Generation

- 2,700 MW of generation capacity
- **73% of electricity produced by environmentally friendly sources**

#### Energy Market

- ~7.3 TWh electricity sold
- ~3.0 bcm gas purchased
- **326 GWh of green electricity sold to end clients**

#### Special Waste

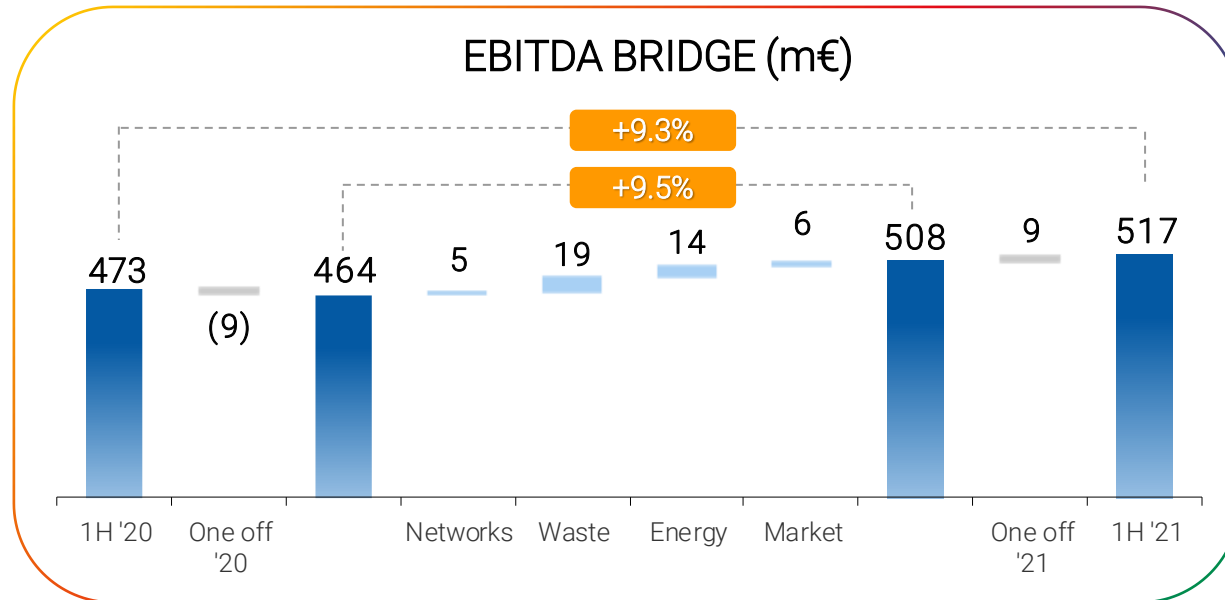
- ~817K tons of special waste managed
- **238.5K tons special waste to energy recovery**

## KPIs

	m€	1H '20	1H '21	Δ	Δ%
Revenues		1.826	<b>2.005</b>	179	9.8%
Ebitda		473	<b>517</b>	44	9.3%
Ebit		232	<b>251</b>	19	8.3%
Group net profit		133	<b>193</b>	60	45.6%
Capex		254	<b>279</b>	25	9.8%
NFP		2,950*	<b>2,959</b>	9	0.3%

\* FY 2020 data restated

## EBITDA BRIDGE (m€)



- **Revenues +9.8%:** favoured by higher energy prices and consolidated companies (I.Blu and Unieco)
- **Ebitda +9.3%:** positive results thanks to M&A contribution (I.Blu and Unieco), energy scenario recovery and organic growth
- **Ebit +8.3%:** lower provisions to bad debt (of which 10m€ related to Covid) offset by higher depreciations.
- **Group net profit +45.6%:** led by a fiscal measure (32m€) and the optimization of the Unieco debt (13m€)
- **Capex +9.8%:** in line with business plan assumptions. 59% are sustainable investments
- **NFP +0.3%:** in line with FY2020, thanks to cash flow generation covering the cash out for investments, dividends and others.

## MAIN 1H 2021 TAKEAWAYS

- Strong contribution from the last consolidated companies in the Waste BU (I.Blu and Unieco)
- Growth in the whole energy value chain supported by a recovery in energy scenario
- Negative Covid impact on Ebitda of -6m€

## 2021 NEXT MONTHS EXPECTATIONS

- FY 2021 growth mainly driven by Energy activities at larger extent and by Waste activities
- Extra-contribution on 4Q coming from hydroelectric volumes shifted from last year to 2021
- Energy scenario expected more supportive than some months ago
- Confirm limited COVID impacts on:
  - Ebitda not more than 10m€
  - Net working capital around 40m€ (from 60m€ in FY2020)
  - Credit losses of 10m€ as already reported in 1H

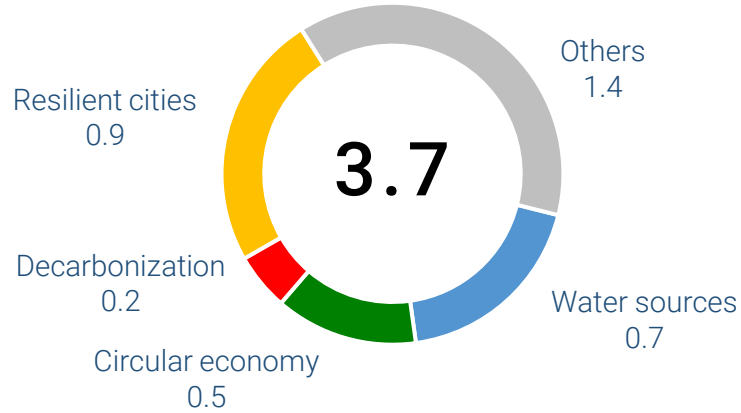
In light of the previous elements, we improve our guidance on FY 2021:

### GUIDANCE ON FY 2021

- Ebitda: ~990m€
- Net profit: ~290m€
- NFP/Ebitda: 3.3x
- Capex: 800m€

## MAIN OBJECTIVE OF THE CURRENT BP@2025

### Cumulated capex (b€)



- 2.25b€ of sustainable investments, 61% of total capex
- 1.6b€ of RAB capex of which the half in the water sector then in collection activities and energy infrastructures
- 1.5b€ of development capex most of all in the waste and energy business pursuing the circular economy (new treatment plants) and resilient cities trend (district heating and energy efficiency)
- Expected Ebitda in 2025 of 1,160m€ (cagr +4%, with no inclusion of M&A transactions)

## NEW BP STRATEGIC HIGHLIGHTS

Reinforcement of the Group's sustainable development path with the extension of the time horizon to 10 years

- Strong focus on circular economy, water resources and resilient cities and greater emphasis on energy transition and renewable sources development
- Acceleration on carbon footprint reduction, in line with the most challenging decarbonization and climate change mitigation scenarios
- Support from PNRR on projects compatible with our strategy

The Group's business model, predominantly regulated, allows an intensification of investments while maintaining the investment grade



# Annexes

Iren

## SCORE

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A/AAA



29,7



A/A



Advanced



72,63



E+

	Gas distribution	Electricity distribution	Water service	Integrated waste collection service
<b>Regulatory period</b>	6 years (2020 – 2025)	8 years (2016 – 2023)	4 years (2020 – 2023)	4 years (2018-2021)
<b>WACC methodology update</b>	6 years (2016 – 2021)	6 years (2016 – 2021)	4 years (2020 – 2023)	4 years (2018-2021)
<b>WACC update</b>	every three years (2022) update of $\beta$ in 2020	every three years (2022)	every two years (2020)	every four years (2022)

	<b>Until 2021</b>	<b>2022 - 2025</b>
<b>Gas distribution and metering</b>	6.3%	6.3%
<b>Electricity distrib. and metering</b>	5.9%	5.9%
	<b>Until 2023</b>	<b>2024 - 2025</b>
<b>Integrated water service</b>	5.2%	5.2%
	<b>Until 2021</b>	<b>2022 - 2025</b>
<b>Integrated waste collection serv.</b>	6.3%	6.3%

■ Already defined values

■ Assumptions





## GAS CONCESSIONS

ATEM	Expiry
Genova 1	Expired
Parma	Expired
Reggio Emilia	Expired
Vercelli	Expired
Piacenza 2 - Est	Expired



## WATER CONCESSIONS

AREA	Expiry
Piacenza*	Expired
Reggio Emilia*	Expired
Genova	2032
Parma	2025
Vercelli 1	2023
La Spezia	2033



## ELECTRICITY CONCESSIONS

AREA	Expiry
Torino	2030
Parma	2030
Vercelli 1	2030



## HYDROELECTRIC CONCESSIONS

AREA	Hydroelectric plant	Electric Power (MW)	Expiry
Piemonte 1	Pont Ventoux-Susa	157	2034
Piemonte 2	Valle Orco e S. Mauro	300	Expired 2010
Piemonte 3	S. Lorenzo, Moncalieri, La Loggia, valle Susa	25	---*
Campania	Nucleo Tusciano	108	2029
Liguria	Brugneto, Canate	10	Expired 2014

\* The expiring date is not provided for electric power plants <3 MW



## MAIN WASTE CONCESSIONS

AREA	Expiry
Parma**	1st in ranking
Piacenza**	1st in ranking
Reggio Emilia	Expired
Torino	2033
Vercelli 1	2028
Vercelli 2	Expired
La Spezia	2028
Novara**	1st in ranking

\*\* 1st in ranking, pending the official final award

**>50%**  
Public Shareholders

Public entities IREN's Shareholders are more than 50%: Municipality of Genoa ~19%, Municipality of Turin ~14%, Emilia Municipalities (Reggio Emilia, Parma, Piacenza and other minor Municipalities) ~17%, Metro Holding 2.5% La Spezia Municipalities ~2%.

**LSS**  
Loyalty Shares Scheme

In 2016, a LSS which establishes the rules for the double voting right for specific Shareholders' Resolutions and the elimination of the obligation for Public Shareholders to hold at least 51% of Iren's share capital has been introduced in Iren's bylaws. Since 2018, Public Shareholders must hold at least 50%+1 of the voting rights in relation to the Shareholders' Resolutions with increased vote.

According to the Shareholders' Agreement updated in 2019, Public Shareholders who signed the agreement must hold at least 35% of Iren's share capital.

**4**  
Shareholders Agreements

Four Shareholders' agreements:

- One between FSU (Municip. Of Genoa) , FCT (Municip. of Turin), Emilia Shareholders and former ACAM Municipalities (expiring April 2022)
- One between FSU and FCT (expiring July 2021)
- One between Emilia Shareholders (expiring April 2022)
- One between former ACAM Municipalities (expiring May 2022 )

They guarantee that all the most important decisions relating to Corporate Governance are taken by agreement of the public Shareholders. In particular, out of 15 members of IREN's BoDs, 13 are appointed by the members of the shareholders agreements, including the CEO, Chairman and Vice-Chairman which are unanimously appointed.

**SBB**

On 5<sup>th</sup> April 2019, the shareholders meeting approved a share buyback program up to 5% of Iren's share capital. On 13<sup>th</sup> May 2019, the Board of Directors approved the launch of share buyback program on 2% of share capital.

